

March 1, 2002

The Honorable Kent Conrad  
Chairman  
Committee on the Budget  
United States Senate  
Washington, D.C. 20510

The Honorable Pete V. Domenici  
Ranking Member  
Committee on the Budget  
United States Senate  
Washington, D.C. 20510

Dear Chairman Conrad and Senator Domenici:

We are writing in response to your request that the Views and Estimates of the Committee on Indian Affairs on the President's Fiscal Year 2003 budget request for Indian programs be submitted to the Committee on the Budget no later than March 1, 2002.

On February 4, 2002, the President submitted his budget request for Fiscal Year 2003. The budget request totals \$2.128 trillion, includes \$746 billion in discretionary budget authority, and provides an overview of the President's Federal spending priorities for FY2003.

### **I. FEDERAL SPENDING TRENDS FISCAL YEARS 1975-2003**

As it has done in previous years, the Committee has called upon the Library of Congress' Congressional Research Service (CRS) to prepare an analysis of Federal spending trends in programs and services for or affecting American Indians and Alaska Natives (AI/AN), and a comparative analysis of spending patterns for other Americans. The Committee has asked the CRS to produce a report documenting Federal spending trends for Fiscal Years 1975-2003.<sup>1</sup>

---

<sup>1</sup>The Committee will submit a copy of the Memorandum from Mr. Roger Walke, Specialist in American Indian Policy, Domestic Social Policy Division, Congressional Research Service (CRS) entitled *Indian-Related Federal Spending Trends, FY1975-FY2003*, as soon as it is completed.

## II. PROFILE OF INDIAN COUNTRY IN BRIEF

**In General.** There are currently 561 Federally-recognized tribes in the United States, with some 40% of tribes located in the State of Alaska. The 2000 census data indicate there are 2.5 million<sup>2</sup> American Indians and Alaska Natives (AI/AN) in the United States, with over 57% living in urban areas and the remainder residing on Indian reservations or in rural areas, sometimes hundreds of miles from the nearest urban area. In addition, approximately 4.1 million census respondents identified themselves in the AI/AN racial category or ancestry who also claimed other races or ancestry. Many of these individuals are or could be eligible for Federal services.

The United States has a unique historical and legal relationship with AI/AN people, which serves as the basis for the Federal Government's trust responsibility and obligations. This government-to-government relationship is a well-settled principle of Federal-Indian law that is reflected in the U.S. Constitution and expressed in treaties, executive agreements and orders, statutes, the course of dealings, and hundreds of Federal court decisions. There are also moral components to the relationship which has been described as a "mutuality of obligations" between the parties. The relationship is most easily understood by reference to the cession of millions of acres of land by tribes to the United States in return for peace, protection of tribal sovereignty, and the provision of programs and services by the United States.

Regardless of where AI/ANs reside, however, they continue to rank at or near the bottom of nearly every social, health, and economic indicator, as compared to all other groups of American citizens. They continue to suffer the highest rates of unemployment and poverty, live in substandard housing, have poor health, receive an inadequate education, and contend with disintegrating social systems, all of which erode both the quality and dignity of life in Native communities and serve as indicators that the United States has not lived up to its responsibilities and promises.

The President's Budget Request for Indian programs for Fiscal Year 2003 does not request the resources necessary to effectively address or remedy the long standing problems in Indian Country. The President's Budget Request, for example, expresses dismay that Congress earmarked funding for 690 projects in the Department of Health and Human Services alone, totaling \$532 million,<sup>3</sup> though the fact remains that when tribal governments must compete with States over limited resources, tribal governments lose. This pattern has been reflected over and over again. Therefore, in order to insure

---

<sup>2</sup>For the first time, the 2000 Census allowed individuals to identify themselves by a single or multiple racial category or ancestry. This number reflects individuals who identified themselves by a single racial category or ancestry. The 1990 Census reportedly undercounted AI/AN by 5% overall and by 12% on reservations. The 2000 Census made a concerted effort to remedy this inadequacy in accounting.

<sup>3</sup>Fiscal Year 2003 Budget of the U.S. Government, at 161.

that Indians receive the resources that were promised to them in treaties, Congress is forced to earmark spending for American Indian and Alaska Native communities.

In addition, the President's Budget Request reflects an "initiative to integrate budget and performance . . . [by] shifting resources to more effective programs."<sup>4</sup> Though achieving more effectiveness is a laudable goal, the Committee is troubled by this philosophy if it should effect a further erosion of the fulfillment of Federal obligations and responsibilities to AI/AN. Improving effectiveness is difficult, if not impossible, without adequate funding. Increased resources are needed to alleviate the dire conditions in Native America and address the basic human needs of American Indians and Alaska Natives.

**Education.** The educational attainment for Native youth is deficient compared with other groups in the U.S. with Native youth achieving fewer high school and college degrees. A significant and aggravating factor in educational performance is the continued inability of the Federal government to ensure adequate, safe and clean educational facilities conducive to learning. As of 2001, there is a \$ 1 billion backlog in unmet needs for school facilities in Native communities, and the Committee believes that Federal resources can be augmented through the use of innovative financing mechanisms such as the issuance of school bonds.

**Energy.** Tribal lands contain significant energy resources and have an important role to play in the development of a sound national energy policy. Notwithstanding this potential, a vast majority of reservations are still poverty stricken and lack the basic infrastructure fundamental to modern living conditions as well as the building blocks of economic opportunity. Indian lands have contributed approximately 11% of the nation's onshore oil and natural gas production, and 11% of its coal production. This contribution could increase in the future given available supplies of fossil energy resources on Indian lands and the potential development of significant renewable energy resources. As for on-reservation energy needs, much needs to be done. A recent Department of Energy report estimated that 14.2% of all Native American homes on reservations have no access to electricity compared to just 1.4% of all U.S. households. The high cost of energy is particularly harmful to these reservation communities where unemployment averages 43%. Another 33% who reside in communities outside of reservation boundaries earn wages below the poverty level. Given these statistics, tribes with substantial energy resources and high unemployment rates have a critical interest in the development of their energy resources as well as providing electrical services to their reservation communities.

**Employment and Income.** Given the near-complete absence of private sector enterprises in reservation communities, nearly one in three American Indians and Alaska Natives, or 31.2%, live in poverty. In the U.S. today, the unemployment rate is 5.6%, whereas in Native communities the

---

<sup>4</sup>Fiscal Year 2003 Budget of the U.S. Government, at 47.

unemployment rate hovers near 50% --- nearly twice that of the national unemployment rate in the Great Depression of the 1930's. The earning capacity of AI/AN also lags behind that of other Americans: for every \$100 earned by the average American family, an Indian family earns \$62. Similarly, the average annual *per capita* income for Indians is \$8,284.<sup>5</sup>

**Health Status.** Perhaps most striking are the health statistics involving American Indians and Alaska Natives. Diabetes, tuberculosis, alcoholism, Fetal Alcohol Syndrome (FAS) and increasingly, AIDS, plague America's Native communities at rates far and above the incidence for other Americans. As of 2001, there is a \$ 900 million backlog in unmet needs for health facilities, contributing to the degenerating health of Native communities.

**Housing.** Census information reveals that 18% of all reservation households are "severely crowded" as compared with 2% for non-natives, with some 90,000 Indian families homeless or underhoused. One of every five Indian houses lacks complete plumbing facilities. Reliance on Federal financing for housing is made greater by the difficulties American Indians and Alaska Natives have in accessing private sector capital and mortgage lending in particular.

### III. FUNDING PRIORITIES

Given the continuing need for a significant commitment of Federal resources, the Committee has continually supported the overall budget requests for Indian-related programs, and in many instances urged that they be increased. In no instance has the Committee suggested that the overall budget request for Indian programs and services be reduced.

In terms of the administration of Federal programs, significant amounts of Federal funds appropriated for the provision of programs and services to Native communities have many times resulted in an expanded and unresponsive Federal bureaucracy rather than direct benefits to Native people. In recent years, Congress has implemented tribal recommendations regarding the need for greater local autonomy and flexibility in spending decisions as more fully set out below.

The Tribal Priority Allocations (TPA) mechanism has proven successful in affording tribal governments the capacity to set spending priorities for governmental services and, if faced with changing needs, to reallocate TPA funds accordingly. The increase in requested funds for this program for FY 2003 reflects only a 4% inflationary rate.

The TPA mechanism continues to enable Indian tribal governments to flexibly respond to local concerns and to provide governmental services such as child welfare and elder care programs, forestry,

---

<sup>5</sup>U.S. Bureau of the Census, 1990 Census of Population, "Characteristics of American Indians by Tribe and Language," 1990 CP-3-7.

agriculture and range management, fire protection, adult vocational education training, and a host of other programs and services to those residing on Indian lands.

By focusing 42% of the BIA resources on TPA, the President's Budget Request continues the trend of directing greater amounts of resources to priorities identified by tribal governments for the provision of services. Tribal governments, closest to those they serve, are most acutely aware of their needs and how best to address them.

Similarly, beginning with the enactment of the *Indian Self-Determination and Education Assistance Act of 1975*, as amended, (Pub. L. 93-638) there has been a gradual shift away from the Federal dominance in the administration of Indian programs to one in which tribal governments assume the responsibilities of the United States for the provision of services and programs to reservation residents.

Through self-determination contracts and self-governance compacts, Indian tribal governments and tribal consortia have developed greater levels of administrative acumen and delivered higher quality services than were previously made available. The Committee strongly supports the continued funding and expansion of tribal contracting and compacting under the 1975 act and urges that sufficient funds be provided to ensure the continued success of the program, including full funding of Contract Support Costs.

#### **IV. COMMITTEE RECOMMENDATIONS**

**IV. A. Department of Interior - In General.** The President's Budget Request includes \$10.339 billion in funding for the Department of Interior, but this figure reflects an overall decrease of \$12.7 million from the FY 2002 enacted level. In addition, the President's Budget Request "includes a proposal to transfer to agencies the full costs of the Civil Service Retirement System and Federal Employees Health Benefits program."<sup>6</sup> This proposal would increase the Interior budget request to \$13.2 billion, if the proposal were currently in effect. However, if funding for this proposal had been added to the FY 2002 enacted level, the amount requested for FY 2003 would effect an overall decrease of \$5 million.

The Budget Request continues to anticipate a complete elimination of the backlog in school facilities by Fiscal Year 2006, but only six Indian schools are slated for replacement although additional funding is proposed to reduce the school repair and maintenance backlog. The Committee commends the Request's increase to the Bureau of Indian Affairs (BIA) school operations budget by \$18.8 million over the FY 2002 enacted level.

---

<sup>6</sup>Fiscal Year 2003, The Interior Budget in Brief (Feb 2002), at DO-5.

## **1. Bureau of Indian Affairs (BIA)**

**a. Operation of Indian Programs (OIP).** The President's Budget Request for FY 2003 reflects only a 3.2% increase over FY 2002 enacted level. Given an actual 4% inflation rate, the overall funding request for FY 2003 is eroded by approximately \$128,153,000. The OIP account provides funding for core governmental functions including contract support costs to carry out contracts and compacts under the *Indian Self-Determination and Education Assistance Act of 1975*, (ISDEA), as amended; housing repair funds for the Housing Improvement Program (HIP); road maintenance; BIA Trust Management Improvements; funds for Indian tribal courts; funds for adult care facilities; and other accounts.

Funding for contract support costs for BIA programs, for example, acts as a critical incentive to encouraging and expanding tribal contracting and compacting under the ISDEA. Until full contract support costs are provided, the level and quality of services provided under these contracts and compacts will suffer.

**b. Law Enforcement Activity.** Safe and crime-free environments are critical to improving the quality of life in Native communities and are central to any effort to attract capital and employment opportunities to strengthen tribal economies. For the past 5 fiscal years, funding has been provided to the ongoing joint *Department of Justice - Department of Interior Law Enforcement Initiative*. The Committee encourages the President to continue funding this initiative so that the success of the Law Enforcement Initiative can be continued.

The President's Budget requests \$161.4 million for ongoing law enforcement programs in Indian Country and basic detention services. The request includes \$3 million for facility operations targeted for new detention centers that are scheduled to open in 2003. The Committee encourages substantial increases for FY2003. As in the past, any new funding increases would be used for additional law enforcement personnel, police vehicles, communications equipment, and staff detention services. The Committee continues to encourage and looks forward to the heightened degree of inter-agency coordination for law enforcement evidenced by the Law Enforcement Initiative.

The Budget Request proposes \$17 million for Tribal Courts, a \$4 million increase over FY 02. The funding increase is needed to allow Tribal Courts to timely adjudicate additional civil cases in such areas as probate associated with recent trust reform regulations. In FY 2001, in partnership with Indian tribes, the BIA collected Tribal court caseload information. Of the 176 Indian tribes who responded, they reported a backlog in excess of 61,345 cases. Although the Committee supports the \$4 million increase, the Committee believes a more substantial increase is necessary.

**c. Education Activity.** The centerpiece of the President's Indian education agenda is a school privatization proposal. The President's Budget requests \$12.2 million to implement the proposal, which would provide Indian tribes with the option of assuming the management of BIA operated schools or, if

a tribe does not elect to do so, the BIA will enter into partnerships with private entities to manage the school. Although the Committee is still reviewing the proposal, the Committee is concerned that insufficient funding is being proposed for tribal management of the BIA schools.

Continuing the trend started in the last Administration, the Budget Request includes approximately \$293 million for new school facilities construction in FY 2002, this includes \$120.2 million to construct 6 new schools and \$164.4 million (\$2.8 million increase over FY02) for school facilities improvement and repair. The Budget Request also seeks a \$3 million increase to expand the Family and Child Education program. The Committee supports the requested funding levels for these programs.

The Committee anticipates legislation to authorize the issuance of bonds to raise capital for the construction of new schools. The Committee recommends \$30 million for this proposal.

The Committee is concerned about the proposed decrease of \$2 million for Tribally Controlled Community Colleges. These funds are used to defray expenditures for academic, educational, and administrative purposes and for the operation and maintenance of Tribal Colleges (except Dine College). Although the Tribally Controlled College or University Assistance Act authorizes \$6,000 per student, the President's Budget only requests \$3,526 per student. The Committee supports full funding of \$6,000 per student.

The Committee has concerns about the funding request for Indian Student Equalization Program (ISEP). The President's Request seeks no programmatic increase; in fact, there is a proposed program reduction of \$2 million. By law, BIA must provide funding to enable the BIA system to pay teachers at the Department of Defense (DoD) school rate. The BIA deducted the amount needed to pay teachers the DoD rate from the ISEP program, but ISEP program funds are to be used only for the operations of Bureau-funded schools. The Committee suggests that ISEP funding be increased by \$10 million.

Although the Committee supports the \$2 million increase for student transportation, the Committee urges additional funding. The public school per-mile average 6 years ago was \$2.97 per mile, yet even with this increase, BIA funded schools will only receive \$2.37 per mile. Last year, BIA estimated that student transportation was underfunded by \$11 million. The Committee recommends full funding for student transportation, an additional \$9 million over the President's request.

This year, the BIA acknowledges that it only addresses 70% of need for the Administrative Cost Grants (AC Grants). Although the Committee is encouraged by the \$3 million requested increase, the increase would only bring AC Grant funding up to 75% of need. The Committee recommends AC Grant funding at \$61,420,000 to meet 100% of need.

**d. Energy.** The committee supports the increase of \$1.062 million within the Tribal Priority Allocations to address energy needs in Indian country: Economic Development (\$585,000) and Natural Resources (\$477,000). Given the potential for energy resource development on Indian lands this development can provide tribes with substantial opportunities for economic development and opportunities to provide electric services to rural communities.

The committee also supports the \$1 million dollar request in the non-recurring programs, Minerals Mining line item to work with tribes in assessing energy resource development and initiatives for the development of all potential sources of energy available on tribal lands. The committee strongly recommends that these funds also be used for the assessment of renewable energy sources such as wind and solar energy in addition to non-renewable resources to facilitate tribal participation in the Secretary's initiative on renewable energy.

Given the potential for development of energy resources on Indian lands and the potential tribal contribution to lessening the nation's dependence on foreign energy sources, the Committee recommends that these amounts be increased to ensure tribal participation in the development and implementation of a national energy policy.

## **2. Office of Special Trustee for American Indians (OSTAI)**

In 1994, Congress enacted the *American Indian Trust Fund Management Reform Act*, 25 U.S.C. § 4001, *et seq.*, to bring required reforms to Indian trust assets, accounts, and resources managed by the United States. Little or no progress in implementing the Act was made in the years immediately following enactment.

Beginning in 1997, through several oversight and legislative hearings, the Committee grew concerned with the pace and direction of planned trust management reforms of the Department of Interior and its bureaus. Since FY 1998 more than \$200 million has been appropriated by Congress to the Department of Interior for purposes of trust management reforms.

Trust management continues to be the subject of great controversy, and a class action initiated by beneficiaries of Individual Indian Money accounts entitled *Cobell v. Norton* (formerly *Cobell v. Babbitt*) continues to be litigated before Judge Lamberth of the U.S. District Court for the District of Columbia. While state-of-the-art computer and accounting systems are essential to the completion of needed reform of trust management procedures, doubts remain as to the adequacy of the Trust Asset and Accounting Management System ("TAAMS"), an adaptation of an off-the-shelf program initiated in 1998 that was intended to provide a comprehensive, integrated, and automated system for title and trust asset management. Furthermore, the High Level Implementation Plan ("HLIP"), developed by the Department in 1998 to guide trust reform activities, is now regarded by the Department as "obsolete." The Committee is gratified that a comprehensive review of both TAAMS and the HLIP has been undertaken by the Department.



In late 2001, the Department proposed to transfer trust management functions from the Bureau of Indian Affairs to a new entity to be named the Bureau of Indian Trust Asset Management ("BITAM") and sought approval from the relevant Congressional committees to reprogram appropriations to allow the proposed reorganization to be implemented. The requested approval was withheld, however, pending completion of ongoing consultations between the Department and affected Indian tribes and the conduct of oversight hearings by the House Committee on Resources and the Senate Indian Affairs Committee.

Recognizing that substantially increased funding will be necessary in the next several years to complete the trust reform process, the President's Budget Proposal includes an increase of \$53.366 million (from \$99,224,000 to \$152,590,000) in funding for Federal trust programs under the direction of the Office of Special Trustee for American Indians ("OSTAI"). The Committee is heartened by the Department's commitment to substantially increased funding of trust management activities and looks forward to working with the Department to reach a full and fair solution to this long-standing problem. The Committee urges, however, that this substantial increase in funding for trust management reform not be viewed as justification for a corresponding reduction in funding for *other* programs intended to fulfill the United States' trust responsibilities to Native Americans.

The President's budget request for OSTAI includes the following language:

For operation of trust programs for Indians by direct expenditure, contracts, cooperative agreements, compacts, and grants, [\$99,224,000] *\$152,590,000*, to remain available until expended: *Provided*, That funds for trust management improvements may be transferred, as needed, to the Bureau of Indian Affairs "Operation of Indian Programs" account and to the Departmental Management "Salaries and Expenses" account[.]<sup>7</sup>

While the Committee does not wish to unnecessarily limit the Department's flexibility, continuing controversy regarding BITAM makes it necessary for the Committee to state its intent that the language quoted above not be interpreted to authorize any reorganization of trust management functions within the Department that would otherwise require Congressional approval.

While the Department of the Interior has repeatedly identified the consolidation of fractionated interests in Indian lands as one of the highest priorities, the President's Budget Request proposes to reduce funding for Indian Land Consolidation from \$10,980,000 to \$7,980,000, or a reduction of \$3 million. The Department has stated elsewhere that with the expected carryover of funds from prior years approximately \$15 million will be available during the coming year to continue land acquisition under this program. The Indian trust beneficiaries are the innocent victims of a long-standing breach of trust by the United States and its officials, and it would be a cruel irony indeed if trust reform, when

---

<sup>7</sup>Budget of the United States Government, Fiscal Year 2003—Appendix, at 598.

finally achieved, were to come at the expense of other essential Indian programs.

### **3. Indian Health Service (IHS)**

The FY 2003 Budget request includes \$64.019 billion for discretionary programs within the Department of Health and Human Services (DHHS), an increase of \$2.403 billion over FY 2002 enacted levels. Just as last year, the bulk of the increase (\$4 billion) will go to the National Institutes of Health (NIH). This Committee applauds the President's commitment to fund more health care research, however, the Committee is opposed to a new parking facility at NIH funded at the expense of Indian Health Service Sanitation Facilities.<sup>8</sup>

The Committee is concerned that the Department of Health and Human Services restructuring initiative will affect the priorities for the construction of Indian Health Service hospitals and clinics by merging the Indian Health Service health care facilities construction priority list with other national priorities, when the IHS facilities construction responsibility is transferred to the Office of the Secretary as proposed in the President's Budget.

**a. Health Services.** The Budget Request includes \$2.513 billion for the Indian Health Service (IHS), an increase of 2.6 % over the FY 2002 enacted level of \$2.389 billion. This increase provides \$60.027 million and 83 Full-Time Equivalents (FTEs). These new FTE's are needed to staff new facilities that are scheduled to open in FY 2003. However, \$8.8 million is "saved" by reducing the recurring base funding for 100 FTE's.<sup>9</sup> These 100 FTE's are critical for both tribally-operated and Federally-administered programs. The Committee objects to any budgetary savings at the expense of Hospitals and Health Clinics Services or Direct Operations.

The Committee believes that in spite of the increase in funding requested, an additional \$300 million is needed to begin to address the disparities in the health status of American Indians and Alaska Natives and the rest of America. With the requested amount, Indian Health Service cannot even begin to address the overwhelming health care needs of the individuals it serves, and the failure to address the loss of purchasing power due to inflation undermines the ability of the agency to continue to provide services at the current level. If the medical inflation costs go unaddressed, the effectiveness of existing programs will be eroded.

**b. Contract Support Costs.** For the last several years, the Indian Affairs Committee and other committees have devoted significant time and resources to addressing the issue of chronic shortfalls in funding to address contract support costs (CSC) associated with the provision of programs

---

<sup>8</sup>Fiscal Year 2003, Budget of the U.S. Government, at 140.

<sup>9</sup>Justification of Estimates for Appropriations Committees, Department of Health and Human Services, Indian Health Service, Fiscal Year 2003, at IHS-9.

and services operated under the authority of the *Indian Self-Determination and Education Assistance Act of 1975*, as amended. The FY 2003 request includes less than a \$3 million increase in the funds for contract support costs. In addition, the funding request caps new and expanded contracts at \$2.5 million, down from \$20 million enacted for FY 2002.

The Committee is well aware of the need to provide more funds to address existing CSC needs, and to provide an incentive to other tribes and tribal organizations to provide health care and other services under the *Indian Self-Determination and Education Assistance Act of 1975*, as amended. The Committee is concerned that the request for a decrease in contract support costs may cause serious damage to the Indian Health Service system as whole. An additional amount of at least \$119 million is needed to address the CSC needs, with at least \$40 million for new or expanded CSC in FY 2003.

**c. Health Facilities.** Although the FY 2003 budget request for health facilities includes a request to continue ongoing construction, there appears to be only a \$1 million request for new funding. The Committee is advised that there is a \$1 billion backlog in the construction of replacement health care facilities in Indian country. The Committee is also concerned that the President's Budget Request reduces costs of this needed program by eliminating \$14,260,000 in facilities construction.<sup>10</sup>

**d. Other DHHS Programs.**

*Drug Treatment Initiative:* The President's Budget Request increases access to substance abuse treatment services and works to close the treatment gap by providing a \$59 million increase for the Substance Abuse and Mental Health Services Administration as part of the Drug Treatment Initiative. This funding increase will support an additional 52,000 drug abuse treatment slots. There is no indication whether these increases apply to Native communities as well.

*Promoting Safe and Stable Families:* The President's Budget Request includes funding for the Promoting Safe and Stable Families program at \$475 million in FY 2003, a \$123 million increase over the FY 2002 enacted level. These additional resources will help States keep children with their biological families, if safe and appropriate, or to place children with adoptive families, but it is unclear whether the funds available to tribal governments are for the same purposes.

*Administration for Native Americans:* Universally acknowledged as a successful tool in assisting tribes and native communities develop and implement economic, environmental and cultural initiatives, the Administration for Native Americans (ANA) program is slated to receive \$45 million in FY 2003, a decrease from the FY 2002 enacted level of \$45,996,000. The Committee does not support any decrease in funding for this program.

---

<sup>10</sup>Ibid.

*Administration on Aging:* The President's Budget Requests \$28 million for Grants to Tribes. The FY 2002 enacted level for this account was \$26 million. The Committee recommends \$30 million for this account serving Indian tribes, Alaska Natives and Native Hawaiians. This program is the primary vehicle for providing nutrition and a wide range of other supportive services and is often the only program serving older Native Americans in remote areas.

The Committee is also aware of the need to improve access to social services by elders in Indian Country and recommends an additional amount of \$500,000 for this purpose.

#### **4. Agriculture and Related Activities - Bureau of Indian Affairs (BIA)**

**a. Agriculture.** The BIA supports American Indians and Alaska Natives in developing conservation and management plans to protect and preserve natural resources on trust land, which includes over 46 million acres used for farming and grazing by livestock and game animals. The BIA provides technical assistance in Inventory and Research, Farm and Range Planning, Farmland Improvements, Rangeland Improvements, Rangeland Protection, Leasing and Permitting Services, Contract Monitoring, and Agriculture Extension.

The Budget Request proposes \$22.5 million for agriculture services. A \$2 million increase is proposed for agriculture services to be used to complete soil and range inventories and conservation management plans on an additional 1 million acres of trust lands per year. The Committee supports this increase as soil and range inventories are necessary to provide data for use in developing conservation and management plans to protect and preserve natural resources on Indian trust lands.

**b. Forestry.** The BIA's forestry program manages or assists Indian tribes with the management of their forests consistent with tribal goals and objectives identified in forest management plans or integrated resource management plans. Indian forests cover over 17 million acres and are located on 260 Indian reservations in 26 states. Forest management activities consist of forest inventory and management planning including the development of Integrated Resource Management Plans, forest products marketing, timber sale management, forest protection, woodland management, forest productivity enhancement, and intensive forest development procedures, to ensure the sustainable management of Indian forests.

The Budget Request proposes \$21.6 million for forestry services, an increase of \$1.5 million over FY02. The Committee supports the increase which is targeted for forest management activities to enhance the harvest of forest products.

**c. Bison Restoration.** The President's Budget requests \$1.2 million, a \$4 million decrease from FY 02. The actual need for bison restoration efforts is \$15 million. The Committee strongly urges an increase in funding, which is critical to maintaining social, educational, economic development and cultural sustainability.

#### **IV. B. Agriculture and Related Activities: Department of Agriculture (USDA)**

With agriculture as the second largest employer in Indian communities, the USDA plays a fundamental role in aiding Indian economic and community development.

The Committee is encouraged by the \$1.1 billion request for the Farm Service Agency, a \$1 million increase from FY2002. The Committee does, however, recommend \$12 million for the American Indian Livestock Feed Program, the same amount that was funded in FY2002.

The availability of a solid physical infrastructure is often a critical factor in the decision of outside investors and Indian entrepreneurs to engage in business activities on Native lands. The Committee supports the increase in the Budget Request, which includes \$184.3 million for FY2003 versus the \$133.7 million provided for FY2002.

The Committee also supports continued funding of the Rural Community Advancement Program (RCAP), Water and Waste Disposal Direct Loans and Grants at the FY2002 levels for Native Americans and Alaska Natives and encourages funding for Indian country while USDA reviews the need for electric and telecommunications services. The Committee recommends increased funding for the Conservation Technical Assistance and for the Environmental Quality Incentives Program and supports funding for all programs at last year's level.

The Budget Request proposes to improve water quality and wetland protection through voluntary measures by targeting technical and financial assistance to farmers and ranchers who operate in the watersheds with the greatest needs. The Committee encourages the USDA to also work with Indian tribes to ensure that Indian tribes and tribal farmers and ranchers also have access to technical and financial assistance.

The Budget Request proposes to improve delivery of USDA services provided by the National Resources and Conservation Service, Farm Service Agency and Rural Development by consolidating offices and administrative functions, such as payroll and reporting requirements. The Committee recommends that the needs of Indian tribes be considered when consolidating offices and any offices not located on Indian reservations should be monitored to ensure that adequate and fair service is provided to Indian tribes and Indian people.

The Committee encourages full funding for the Food Stamp Program; the Child Nutrition Program; the Women, Infants and Children Program; and the Food Distribution Program on Indian Reservations. The Committee anticipates a proposal to authorize Indian tribes to determine eligibility for Food Stamps and to establish one-stop centers for Food Stamps and other welfare programs and recommends funding for this proposal once enacted.

The Committee is encouraged by the level funding for Tribal Colleges. The Committee recommends, however, substantial increases in all Tribal College funding programs, including the 1994 Institutions' Endowment Fund, which is not scored as budget authority or outlay. The Committee urges at least \$15 million for the Endowment Fund.

#### **IV. C. Educational Activities - Department of Education**

##### **1. Elementary and Secondary Education.**

In 2001, the Elementary and Secondary Education Act (ESEA) was amended and reauthorized to include increased accountability for student performance, increased state and local flexibility, and enhanced parental choice. The Budget Request maintains funding for Safe and Drug Free Schools, and Even Start while these programs are evaluated.

Under the President's Budget Request, Title I Grants to Local Educational Agencies would receive \$11.4 billion, a \$1 billion increase from fiscal year 2002. The grants are used to help students in high-poverty schools meet the new accountability requirements for improved performance in reading and math. The Committee supports this level of funding.

The Budget Request proposes \$1 billion for Reading First (\$1 million increase over FY2002), a program to ensure that all students can read at grade level by the end of the third grade. The program provides funds to support proven reading practices. Seventy-five million dollars is also provided for Early Reading First (the same level as FY2002) to develop model programs to help children in high-poverty communities prepare for school. The Committee supports this level of funding.

The Budget Request proposes \$1.1 billion for Impact Aid for schools serving large numbers of military dependents or Indian children, with a decrease of \$3.5 million from FY2002. The Committee urges funding at FY2002's level as the proposed decrease will come from school construction funds.

The President's Budget Request also includes \$122.3 million for Indian education to improve teaching and learning for American Indian children, a \$2 million increase from last year's level to fund research, evaluation, data collection, and related activities. The Committee is concerned about the funding requests for supplemental education services for Native Hawaiians (\$18 million, a \$12 million decrease from FY2002) and Alaska Natives (\$14 million, a \$10 million decrease from FY2002). The Committee recommends \$34 million for programs authorized by the Native Hawaiian Education Act and \$28 million for substantial increases over FY2002 funding levels.

##### **2. Office of Special Education and Rehabilitative Services.**

The Committee is encouraged by the funding request of \$9.6 billion for Individuals with Disabilities Education Act (IDEA), which is a \$1 billion increase over FY2002. This includes \$8.5

billion for Special Education Grants, and \$437 million for states to identify and serve infants and toddlers with disabilities.

The Budget Request proposes a \$30 million incentive grant for State Vocational Rehabilitation agencies to help individuals with disabilities prepare for and obtain employment to the extent of their abilities. Although Indian tribes are eligible for a 1%-1.5% set aside, it is not clear whether tribes are eligible for the proposed incentive grants.

### **3. Office of Vocational and Adult Education.**

The Committee supports the \$7 million request for Tribal Colleges, a \$500,000 increase from FY2002, to support Tribal Colleges to ensure continued and expanded educational opportunities for Indian students.

The Committee is concerned about the elimination of \$3 million in funding for the United Tribes Technical College (UTTC). UTTC is a unique institution; it is the only intertribally-controlled postsecondary vocational institution in the country, and has been funded in the President's budget every year since 1981. UTTC provides valuable educational opportunities to students from over 40 tribes across the nation, as well as services for their families. The Committee supports funding for UTTC at a minimum of \$3 million.

The Committee also supports \$1.2 million for Crownpoint Institute of Technology (CIT), a fully-accredited postsecondary vocational/technical education institution. Funding for this institute was eliminated in the FY 2002 budget.<sup>11</sup>

### **4. Office of Postsecondary Education.**

The President's Budget Request focuses resources on student aid programs that help needy students pay for college, higher education programs that help students prepare for postsecondary education, and institutional development programs that provide support for colleges which serve low-income and minority students. As part of this initiative, the Budget Request proposes to redirect resources from unrequested earmarks and low priority programs in FY2002 to the Pell Grant Program. Other increases are proposed for teacher loan forgiveness for teachers who work in high-poverty schools for five years. The proposal would forgive up to \$17,500 in Federal student loans, up from \$5,000.

---

<sup>11</sup>This paragraph and the paragraph immediately preceding it, were added by amendment on March 14, 2002.

The Department of Education (DOE) proposes to reprogram up to 3% of discretionary funds from unrequested earmarks and low-priority programs in 2002 to the Pell Grant program, up from 1% in Fiscal Year 02. In light of the decreased funding request for Alaska Native and Native Hawaiian education, the Committee is concerned that the Department of Education may consider these low priority programs.

The funding request for Tribal Colleges is \$18 million, a \$500,000 increase from FY2002. The Committee recommends \$24 million, \$12 million for the Title III basic funds and \$12 million for the Tribal Colleges facilities program. The Budget Request also proposes an increase of \$500,000 for Alaska Native and Native Hawaiian Serving Institutions, up from \$6.5 million for FY2002.

#### **IV. D. Law Enforcement and Public Safety - Department of Justice**

The Committee urges that Indian country be considered in the President's Counterterrorism Enhancements and Border Security initiatives. According to the BIA, there are 35 tribes with jurisdiction over lands adjacent to the Canadian or Mexican borders and jurisdiction over waters directly accessible by boat from the Canadian or Mexican borders. The lands comprise over 260 miles of a total 7,400 miles of international borders patrolled by the United States. In addition, many tribes have dams and oil and gas facilities located on or near tribal lands and have law enforcement jurisdiction over these lands.

Indian Country will be impacted by the proposed elimination of funding for tribal detention facilities. Many of the 80 or so tribal detention facilities are at the end of their useful life, and a number have been condemned by Federal or tribal courts. The total estimated backlog is approximately \$400 million. In FY2002, \$35.2 million was provided to construct tribal detention facilities. The President's Budget Request provides no funding for the construction of tribal detention facilities in FY 2003.

The Budget Request proposes to decrease Community Oriented Policing Services funding for Indian country from \$35 million provided in FY2002 to \$30 million for FY2003. The Committee encourages additional funding over FY2002 for this essential program. Today, there are 1.3 law enforcement officers per 1,000 citizens in Indian country, compared to 2.9 law enforcement officers per 1,000 citizens in non-Indian communities. And the Committee anticipates that greater burdens will be placed on Indian Country law enforcement as tribal governments play an integral role in securing America's borders and energy sources.

The Budget Request proposes to provide \$8 million for tribal courts in FY2003, the same amount provided in FY2002. The Committee urges a substantial increase in funding for tribal courts. Tribal court funds are used to develop, enhance, and operate judicial systems, to enhance civil and criminal justice administration on Indian lands and to encourage implementation of the Indian Civil Rights Act. Additional funding is needed to address the increased caseload on tribal court dockets resulting from increased arrests and rising crime, to encourage development of and investment in Indian



lands by Indians and non-Indians, and to assist Federal courts in lessening the ever increasing Federal district court caseload.

The Committee continues to support existing programs and funding for victim / witness coordinators within the Federal Bureau of Investigation and evidence and forensic examinations; funding for U.S. Attorney positions to investigate and prosecute crimes in Indian country; funding for drug testing, treatment, and diversion programs; funding for Youth Mental Health and Behavior Problems; and funding for sexual assault nurse examiner units. The Committee strongly encourages that FY 2003 levels be increased for law enforcement activities sufficient to address these problems.

#### **IV. E. Housing and Community Development - Dept. of Housing and Urban Development**

The President proposes a \$31.5 billion budget for Department of Housing and Urban Development (HUD), which is a 7 percent increase over FY 2002 levels. HUD's primary focus is helping families achieve homeownership, particularly for minorities.

Studies have documented that housing conditions in Native America are the worst in the nation, with 40 percent of Native Americans living in overcrowded or physically inadequate housing conditions, and 33 percent considered very-low income. The current level of need for housing stock in Native communities is \$1.075 billion, up from \$972 million from just a few years ago. This translates into an immediate need of at least 200,000 housing units, which does not include the estimated 52,000 units currently in need of renovation and 19,000 needing replacement.<sup>12</sup>

The rural nature of Indian Country translates into high housing costs. Many reservations lack basic infrastructure, so tribes must make large investments in water lines, sewage and sanitation facilities, and paved roads.<sup>13</sup> Furthermore, the remote and isolated nature of Indian lands means more costly supplies and skilled labor and greater shipping expenses.

Access to financing (private sector capital and mortgage lending) is another barrier. Because Federal trust land cannot be used as collateral, Native Americans have difficulty obtaining mortgages. Even "financially able" Native Americans have to rely upon Federal housing programs because of the

---

<sup>12</sup> Based on the Coalition for Indian Housing and Development, Submission to the Millennial Housing Commission, June 29, 2001.

<sup>13</sup> The Indian Health Care Improvement Act Amendments (P.L. 94-437) stated that the Indian Health Service has the primary responsibility and authority to provide safe and adequate water supply systems and sanitary sewage waste disposal systems in all Indian homes. Housing and infrastructure needs must be addressed together in Indian Country. An appropriation of \$180 million increase in the Sanitation Facilities Construction for IHS would be needed, coupled with the NAHASDA block grants, would be a good start to address the housing problems.

lack of alternative financing in Indian Country or because a limited private housing market makes housing prohibitively expensive.

### **1. The Native American Housing Assistance and Self-Determination Act (NAHASDA).**

The FY 2003 appropriation for the Native American Housing Block Grants is \$646,600,000<sup>14</sup> which is \$2,000,000 less than FY 2002. NAHASDA authorizes direct block grants to tribal governments or tribally-designated housing entities to develop, maintain, and administer safe and affordable housing for low-income Native Americans. NAHASDA also encourages creative financial options that allow tribes to leverage public and private funds.

Tribes' housing needs remain disproportionately high compared with their housing block grant. As a result, tribal housing entities are only able to maintain their housing status quo and have had difficulty making headway to addressing their members' overall need. The Committee believes that housing funding under NAHASDA should address existing unmet needs.

### **2. Native Hawaiian Housing.**

The Native Hawaiian Housing Block grant was added this year in the amount of \$10 million for FY 2003. The Native Hawaiian Home Loan Guarantee Fund was again funded for \$1 million.<sup>15</sup> Although Native American housing conditions are appalling, Native Hawaiians continue to have the greatest unmet need, with 95 percent of eligible Native Hawaiians in need of housing.<sup>16</sup> Therefore the Committee supports increasing this block grant to \$15 million for FY 2003, and \$40 million for each year thereafter. And although Native Hawaiians face the same problems of American Indians and Alaska Natives (limited access to urban centers, limited access to capital, lack of infrastructure, and restricted use of trust lands), Native Hawaiian housing needs are unique and the Committee recommends that this funding be separately identified and appropriated from NAHASDA funding for American Indians and Alaska Natives.

---

<sup>14</sup>This sum includes \$5 million (down from \$6 million in FY 2002) for the Indian Housing Loan Guarantee which will secure approximately \$200 million in private loans. The sum also includes the Title VI Tribal Activities Loan Guarantee program was cut from \$6 million to \$2 million in FY 2003.

<sup>15</sup>This \$1 million credit subsidy will secure approximately \$40 million in private loans.

<sup>16</sup> Overcrowding in Native Hawaiian homes is 36 percent, versus 3 percent for all other homes. Native Hawaiian housing problems are 49 percent for Native Hawaiians (44 percent for American Indians and Alaska Natives), versus 27 percent for other homes. Coalition for Indian Housing and Development, Submission to the Millennial Housing Commission: June 29, 2001..

### **3. Community Development Block Grants (CDBG).**

The President's Budget Request for the Indian set-aside of the Community Development Block Grant Program is \$72.5 million for FY 2003 which is a \$2.5 million increase from FY 2002. Tribes use these grants for reservation infrastructure and economic development. The funding increase is welcomed, but more is needed for Native Americans to achieve economic self-sufficiency that will reduce their reliance on Federal housing subsidies. The Committee therefore recommends that the Indian set-aside be increased from 1.5 percent to at least 3 percent of the total CDBG amount, or approximately \$144 million.

### **4. Proposed Emergency Fund.**

Unlike HUD's public housing programs, there is no emergency fund for Native American housing. Last year, the Committee learned that toxic black mold had infested homes on at least 17 Indian reservations which forced emergency evacuations of many homes. The cost of remediation has not been calculated, however three North Dakota tribes estimate needing \$20 million to address their mold problems. To address this problem, the Committee recommends that an emergency housing fund be established that will enable tribes to quickly address toxic mold problems or other emergency problems plaguing Indian Country housing.<sup>17</sup>

### **5. Eliminated Programs.**

Indian communities will be negatively impacted by two proposed budget eliminations. The President has not proposed funding for the Rural Housing and Economic Development program (which eventually was funded at \$25 million in FY 2002). This program is particularly well-suited for Indian Country given all of the problems of rural America and the difficulty with economic development on reservations. The President also again proposes to eliminate the Drug Elimination Grant Program for the second year. This program is essential to ensuring safe housing through programs targeting at-risk youth and crime reduction activities. The Committee would encourage that both of these programs receive funding that will support economic development in Indian Country and provide safe reservation communities.

## **IV. F. Housing Loans—Department of Veterans Affairs**

The extreme housing needs of Native America have been well documented. To assist in

---

<sup>17</sup> This toxic mold has been linked to serious health problems among the most vulnerable populations – the young and old. HUD represented to the Committee that tribes are eligible to apply for grants under the Lead-Based Paint program to address the problem of toxic mold in their houses. FY 2003 appropriation will increase to \$126 million from \$110 million provided in FY 2002.

addressing this epidemic need, Congress established the Native American Veterans Housing Loan Program. This pilot program provides direct loans to American Indians, Alaska Natives, and Natives Hawaiians living on Federal trust lands. These loans are available to purchase, construct, or improve homes to be occupied as a veteran's residence. The President's Budget Request seeks \$565,000 for FY 03, an increase of \$21,000 over FY 02.

#### **IV. G. Commercial Activities - Department of Commerce**

The Department of Commerce has specific programs from which Native communities benefit. One such program is the Economic Development Administration (EDA). The Budget Request proposes an \$8 million reduction in funding for EDA. EDA promotes a favorable business environment to attract private investments and high-wage jobs through infrastructure and capacity building. One of the principal barriers to economic development in Indian Country is the lack of infrastructure available to businesses wishing to locate in Indian country. The Committee urges additional funding for EDA so that Indian country can attract the businesses necessary to create jobs and stimulate economic growth.

The President's Budget Request provides \$31 million for the Minority Business Development Agency (MBDA), which works to facilitate access to resources for the minority business community in order to help minority businesses. Native American Business Development Centers are eligible for these funds. With the high level of unemployment in Indian Country, the Committee recommends an increase for MBDA.

The Budget Request proposes to eliminate the Technology Opportunities Program (TOP), which provides grants for rural and underserved communities for advanced telecommunications technologies. In FY2001, TOP funding was \$45.4 million, which included \$4.2 million for Indian Country. In FY2002, TOP funding was \$15.5 million. The amount for Indian Country has not yet been determined. For FY2003, the President has determined that the program should be eliminated on the basis that the program is no longer needed as all sectors of society have access to the Internet and related technologies. This rationale ignores the realities of Indian Country.

Telecommunications needs in Indian country are different from those in the rest of the nation because of the poor state of existing infrastructure in most native communities. In 1995, it was estimated that 53% of Indian homes on reservations did not have telephones, compared to only 5% of all other homes in the United States. Even in rural locations, only 9% of homes did not have telephones. In a 1999 survey conducted by EDA, 13 of 48 tribes reported that they did not have 911 service and only eight have a technology infrastructure or telecommunications plan.

The Indian Affairs Committee intends to work closely with the Commerce Committee to develop legislation to address telecommunication needs for Indian Country. Funding may be requested for FY2003 for any proposed legislation. The Committee also encourages the Department of Commerce to implement the recently enacted Native American Business Development, Trade

Promotion and Tourism Act, Pub. L. No.106-464, and the Indian Regulatory Reform and Business Development Act, Pub. L. No.106-447.

#### **IV. H. Labor Activities - Department of Labor**

Unemployment rates in Native communities continue to hover in the 43- 45% range compared to the national unemployment rate of 5.6%. Thus, Native communities have a serious need for job training programs.

The President's Budget Request proposes to reform Federal job training programs. Currently, there are 48 Federal job training programs administered by 10 Federal agencies. The President proposes to consolidate or eliminate 20 programs so that in FY2003, there will be 28 programs administered by 10 Federal agencies. Within the Department of Labor (DOL), there are 17 job training programs for dislocated workers, adult employment and training, and youth activities. For FY2003, the Budget Request proposes to eliminate or consolidate 7 job training programs and to transfer 1 program to the Department of Veterans Affairs, so that a total of 9 job training programs will be administered by the DOL. The Budget Request also proposes to eliminate or consolidate 4 programs within the Department of Education that affect adult education, vocational education and individuals with disabilities. Within the Department of Interior, the President proposes to consolidate or eliminate 9 job training programs that affect American Indians and Alaska Natives. Further elimination or consolidation of programs under the Workforce Investment Act should be expected in the FY2004 budget.

Indians, Alaska Natives and Native Hawaiian youth and adults are eligible to participate in the Comprehensive Services program of the Workforce Investment Act (WIA). In FY2002, this program received \$55.3 million. The 2000 Census shows increases in the Indian population since 1990 that range from 20% to 40%, depending on the state. The Committee recommends a substantial increase (at least \$60 million) for the Indian WIA Section 166 Comprehensive Services program.

In FY2002, the tribal Supplemental Youth Services program under WIA received \$16.5 million. This program benefits youth in reservation areas, Oklahoma, Alaska and Hawaii, who are in or will soon enter the workforce. The FY2003 request is \$15 million, a \$1.5 million decrease. The Committee recommends that \$20 million be appropriated for this program.

The Youth Opportunity Grant benefits Indian tribes in numerous states. The Budget Blueprint proposes a decrease for this program. The Committee recommends funding this program at the FY2002 level.

The Welfare to Work grants provided funding in 1998 and 1999, to be expended for up to 5 years after the funds were provided. Many tribes operating Welfare to Work grants have already expended their funds. The Committee anticipates proposed legislation to consolidate the Native

Employment Works program with the Welfare to Work program. The amount needed for this proposal is estimated at \$37 million.

In FY2002, \$900,000 was provided for a bison labor and training program for training of meat processors, veterinary science technicians, wildlife stewardship training and other areas. The Committee recommends continued funding for this vital economic development program.

#### **IV. I. Transportation Activities - Department of Transportation**

The President's Budget Request seeks \$290 million in FY 2003 (down from \$294 million in FY 2002) for the Indian Reservation Roads (IRR) program.<sup>18</sup> The FY 2003 budget totals \$59.3 billion which is an overall increase of \$4.7 billion from FY 2002.

The IRR program's purpose is to provide safe and adequate transportation and access to public roads near and within Indian reservations, Indian trust land, restricted Indian land, and Alaska Native villages. Funding may be used to construct and improve roads, bridges, and transit facilities leading to, and within, Indian reservations or other Indian lands. Approximately 25,000 miles are under the jurisdiction of the Bureau of Indian Affairs and tribes, the majority of which were rated to be in "poor condition."<sup>19</sup> Another 24,000 miles are under State and local roads.

The Committee notes that there is an estimated \$11 billion backlog of needed transportation improvements in Indian Country. Although Indian Reservation Roads compose 2.63 percent of the roads in the Federal Aid Highway program, Indian roads receive less than one percent of this Federal aid. As a result of this inequitable funding, these roads remain in poor and unsafe condition, leading to a fatality rate in Indian Country that is more than 4 times the national average. Furthermore, inadequate transportation infrastructure has a devastating impact on emergency and medical services, law enforcement response time and capabilities, and economic development efforts. Given the poor condition of the Indian Reservation Roads system and given that these roads have not received an equitable amount of funding over the years, the Committee recommends funding the IRR program at \$1 billion.

---

<sup>18</sup> The Indian Reservations Roads program falls under the Federal-Aid Highways program under the Transportation Equity Act for the 21<sup>st</sup> Century and is jointly administered by the Bureau of Indian Affairs and the Federal Highway Administration. The Federal-aid highways funding for FY 2003 is \$22,608,787,000 (down from \$31,799,104,000 in FY 2002).

<sup>19</sup> Only 11 percent of BIA roads are paved and rated in "good condition." Close to 90 percent of the unpaved roads are in "poor condition," resulting in muddy roads that are washed-out during fall and spring rains and are rendered useless.

#### **IV. J. Environmental Activities - Environmental Protection Agency (EPA)**

The Committee is concerned about the proposed cuts and decreases to environmental grants to tribes and states for the clean air and clean water programs. In particular, the Committee is concerned about the proposed decrease in the Clean Water State Revolving Fund (CWSRF), which helps tribes and states meet their significant infrastructure needs by providing funds to construct drinking water and wastewater treatment facilities. These funds are an important tool to both tribes and states in assisting communities to achieve clean drinking water. The President proposes to decrease this fund from \$1.4 billion to \$1.2 billion. Of the CWSRF, tribes only receive one and one-half percent of the funds, which amounts to \$18.2 million. The level of need in Indian Country, however, is far greater than this amount. The EPA and the Indian Health Service estimate that it will cost more than \$650 million to correct inadequate wastewater treatment systems or to construct systems where none currently exist.

The Committee is also concerned that the President has not requested an increase in the amount available in the Drinking Water State Revolving Fund (DWSRF) which is used to help tribes upgrade and modernize drinking water systems.

As for Alaska Native water programs, the Committee is concerned that there has not been a request for an increase even though the EPA estimates that more than 20,000 homes in Native villages lack basic sanitation facilities.

The Committee strongly supports the increase of \$5 million to the general assistance grants, which are used by tribal governments for a range of environmental regulatory activities.

The Committee supports the increase of \$5.5 million to prevent pollution at the local level and to study environmental conditions in Indian Country since part of this money will go to the American Indian Environmental Office, which serves as EPA's principal liaison with Indian Country. This increase supports the goal of establishing an environmental presence in Indian Country.

#### **IV. K. Energy Sources - Department of Energy**

The Committee supports the President's Request of a 25% increase in the Department of Energy Federal Energy Management Program (FEMP). Currently, to comply with Federal green power goals, Federal facilities must purchase up to 2.5% of their current energy usage from renewable sources. In the Technical Guidance and Assistance line item, the Committee requests consideration of the following language: "Any Federal facilities that conduct energy efficiency through FEMP programs should apply 50% of their energy savings funds towards the purchase of green tags from tribal renewable energy projects."

The Committee supports the proposed 20% increase in the Weatherization Assistance Program but suggests that Congress look at methods to assure tribal participation in the grant program since the current program funding is provided to states or through state energy offices.

The Committee strongly supports the increase of 196% of the Renewable Indian Energy Resources line item in the DOE: Power Technologies Program Funding. There are currently no incentives for renewable energy development on Indian lands despite the significant potential that exists. The Department of Energy has reported that there are 61 Indian reservations that have renewable energy resources such as wind, solar, and geothermal that could be developed for central station-generation. The development of distributed renewable energy systems could also help electrify the home of rural Indian communities.

#### **IV. L. Energy Sources - Department of Agriculture**

Rural Utility Loan Program. The Committee is concerned that at present, it appears that the Rural Utility Service only makes loans for rural energy projects where the energy is consumed in the rural areas. However, the market for the renewable energy sources is often in urban areas where the electricity demands are greater and costs for electricity are higher. The Committee intends to see an amendment to the Rural Utilities Service legislation to add the terms "renewables" or "renewable energy technologies" as well as "tribes", as "act beneficiaries", under Rural Utility Service.

#### **IV. M. Energy Sources - Department of the Defense**

The Committee is working on a tribal energy initiative to encourage energy development on Indian lands. This includes developing tribal partnerships with Federal agencies, including the Department of Defense. Since the Department of Defense is the largest consumer of energy in the U.S. government, the Committee believes there is an excellent opportunity for tribes to provide power to Department of Defense facilities, installations, and ranges to assist the Department in meeting government agency's obligations to purchase renewable energy and to contribute to the energy security needs of the Department. Accordingly, the Committee may request funding to implement tribal/DOD energy partnerships.

### **V. COMMITTEE CONCLUSIONS**

On February 28, 2002, the members of the Committee on Indian Affairs favorably adopted this letter of recommendations on the budget views and estimates.

In approving this letter, however, the members of the Committee want to make clear that the Committee reserves the right to supplement this letter with the CRS memorandum on Federal spending trends when it becomes available.



The Committee appreciates the opportunity to provide this information on the President's FY 2003 Budget Request for Indian-related programs to the Committee on the Budget and very much looks forward to working with the Budget Committee in the coming year.

Sincerely,



BEN NIGHTHORSE CAMPBELL  
Vice Chairman



DANIEL K. INOUE  
Chairman